

IMPLEMENTATION OF VALUE CHAIN AND MANAGEMENT CONTROL IN ORDER TO INCREASE COMPETITIVE ADVANTAGES

(Study at PT Industri Marmer Indonesia Tulungagung)

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ABSTRACT

The purpose of this study are knowing wheter Company applies the value chain for their business, knowing wheter Company applies the management control for their business, knowing the influence of value chain to competitive advantages, and knowing the influence of management control to competitive advantages.

The results of the research showed that there was a double function in the organization structure, campany's mission is the same with PT Gajah Perkasa Indonesia's mission and the company's goal does not show when this goal can be achieved, and company's management control is good enough but some aspects need some improvement. The company's competitive advantages can not be improved although the company's management control is good. Based on the research about the organizational structure of the company for separation of finance and accounting department is needed, in the strategy formulation should be clear in company's goal, and ongoing strategic analysis in the strategy implementation should be done in the right way such as mentions several criteria of worker, modificate the machine from mining, procesing and finished machine and serving segment that is less attractive to improve product differentiation.

Keywords: organizational structure, strategy formulation, management control, value chain and competitive advantages

1. INTRODUCTION

Many companies in the world, especially in Indonesia have experiences of internal problems such as corruption, employee noncompliance with manager policy and bad financial reports. Besides, company cannot exist because of wrong strategy and double function in one department, for example accounting department merged with finance department. It certainly makes the internal control of the company is bad and the company's asset will be unsafe and the company will not be able to develop. Top management as a center of interprise has role to manage and analyze all departments inside company such as financial, marketing, production, human resource and information system department. Therefore, organizing and analyzing all activities of the company is very important to think. It aims to know whether the strategy is good or not and whether the strategi is implemented or not.

The wrong strategy in managing the activities of the company would be very adverse to company that will make so many disadvantages, such as declining the profitability of company,

disability of the company to compete with others till the company will be bankrupt. The wrong strategy also has impacts on the salary of employees that will be decreased and more over jobless because the company cannot pay employees and has to reduce the amount of employees.

Every company has different characteristics in a set of resources to improve corporate advantages because they have different internal and external factors. Internal factors are the whole factors that are from inside company such as the company's value linkages. External factors such as relationships with suppliers and customers are also not spared to the attention to produce a good relationship between company and the outsiders of company. It is important to decide a thoughtful decision in order to make the company gets benefits such as low cost and unique production, so the company can survive and compete with competitors.

According to Hariyadi (3:2003), "management strategy is a process that systematically designed by the management to

formulate strategy, implement strategy, and evaluates strategy in order to provide the best value for the consumer to realize the vision of organization". The strategy focused widely, not to be limited to partially operating companies, but focuses on the entire company's operations, starting from raw material acquisition through service after selling product. One technique to implement the strategy is value chain analysis, which useful to know the internal activities of the company which is able to show the strengths and weaknesses of the company and cost strategy.

Value chain analysis (VCA) has become an increasingly useful approach to gain a comprehensive view of the various inter-locking stages involved from taking a good or service from the raw material to production and then to the consumer. A value chain is the sequence of activities required to make a product or provide a service (Schmitz, 4:2005).

In the value chain, there are 2 main types of activity that is primary activities and support activities, which the primary activities consist of inbound logistics, operations, outbound logistics, marketing and sales, and service, while the support activities consists of firm infrastructure, human resource management, technology development, and procurement.

Here is the management control definition according to the Committee of Sponsoring Organizations of The Treadway Commission in Sitorus and Timbul (23:2007).

Management control is a process that influenced by the the regulatory organization, director, and other employees that designed to provide reasonable assurance about the achievement of objectives in the following categories:

- Effectiveness and efficiency
- Reliability of financial reporting
- Compliance to the rules and regulations.

One of the natural resources that contained in Tulungagung Districts is marble mine. The potential of this area is very large to produce local income because according to previous research, in this area there are huge reserves of marble with good quality to be made as handicrafts and building materials. One marble company that is located in the district tulungagung is PT Industri Marmer Indonesia Tulungagung (IMIT). Based on the information that obtained by investigators about PT Industri Marmer Indonesia Tulungagung, it is known that the company does not use value chain as a internal analysis. This is allow for wrong strategy that make low achieving

in effectiveness and efficiency activities, reliability of financial reporting, and compliance with rules and regulations in management control.

Value chain analysis and management control are the important thing for company to achieve competitive advantages, therefore the company needs regulation on cost drivers to make efficient costs, checked the financial statements by independent auditors to make the financial statements is reliable, and create a system in order to the applicable rules is compliance.

2. THEORITICAL REVIEW

2.1 Planning and Controlling

The planning function is the first step of management functions (planning, organizing, actuating, and controlling). By using this plan all the activities will have a working implementation guideline. Planning is something that should be done by an organization before the organization begins its advanced activities. In planning, the most important thing is the adoption of organizational goals and policy strategies to achieve company goals.

According to Effendi in Paramitha (8:2006), "planning is a selection of data with an assumption about the state in the future, in the framework of the future by formulating a credible activity in order to obtain the desired results".

Every activity needs a control. It is useful to correct the mistakes that happen quickly. Control is a process of measuring the component performance in organization and conducting correction weeks to make the goals, objectives, and policies to be efficient.

According to Effendy in Paramitha (10:2006), "control is a process of leaders who want to know the results of his subordinate's duties in accordance with the plans, commands, goals, and policies that have been determined".

2.2 Strategy Formulation

Strategy formulation is an important step, the strategy will guide the organization moves toward the desired by top-level managers. Strategy formulation is generally based on the responses to threats and opportunities. According to Anthony and Govindarajan (9:2007), Management Control Systems, said that "strategy formulation is the process of deciding on the goals of the organization and the strategies for attaining these goals".

From the definition above, the strategy formulation is the process of deciding to achieve

the company goals that created by the management.

2.3 Value Chain

The definition of chain value based on Riisgaard (6:2010) is “the value chain as a concept that describes the full range of activities that firms, farms and workers do to bring a product from its conception to its end use and beyond its use. This includes activities such as design, production, marketing, distribution and support to the final consumer”.

Value chain analysis is a useful tool for identifying and prioritizing constraints to improved industry performance, where bottlenecks and in efficiencies impede the capacity of an industry to respond to market demands. These participatory value chain tools can be used to mobilize industry stakeholders to address health-related constraints and create solutions to make their industries more competitive (Learmonth, 14:2006).

Based on the definition above, value chain is a separated proces from design, production, marketing, distribution, and support to the final consumer that is useful to identify and prioritizing constraints to improve industry performance.

2.4 Management Control

Based on the COSO definition in Mory (6:2012),management control is a process, affected by management and executive leadership, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

From the definition above the management control is a process of management that intend to obtain objectives, namely the effectiveness and efficiency of operations, accurate financial data and compliance with regulations.

2.5 Competitive Advantages

In the current era of globalization, every company should have a uniqueness and differences with other companies. Therefore, it will win the competition. Definition of competitive advantage presented by the miraculous experts, “A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service

that justifies higher prices”
<http://www.tutor2u.net>.

This theory acquired the ability of company in determining strategies or opportunities that have benefit for company and can not be easily imitated by competitors with implementing an innovation strategy, quality improvement and cost reduction strategies in competitive advantages.

3. METODE

Based on the problem formulation of research objectives to be achieved in the study and a problem obtained in PT Industri Marmer Indonesia Tulungagung, this research use a qualitative research with case study. According to Patton (3:2002), “Qualitative research is characteristic by its aims, which relate to understanding some aspect of social life, and its methods which (in general) generate words, rather than numbers, as data for analysis”.

While according to Suhonen (6:2009), “a case study research involved a detailed analysis of a single object or phenomena such as a person, a system, an organization, course or a group”.

The research focus is needed in any study to be conducted. The research focus in this study is:

1. Organizational structure of company
The researchers can see the division of tasks, responsibilities, and functions.
2. Formulation strategy of company
The researchers will analyze the formulation strategy in company to run the business.
3. Management control system of company
To make the company strategy that was implemented appropriate with the regulation, company needs the management control to keep operation in order to increase the effectiveness dan efficiency, reliability of reporting and compliance with applicable laws and regulation.

Plan of analysis to be performed as follows:

1. Analysis the organization structure and separation of function in organization structure.
2. Analysis the formulation strategy for company. Include level strategy, company’s mission and company’s goal.
3. Analysis the process of management control, include analyze the strategy planning and ongoing program by creating value chain, analyze the budgeting preparation, analyze the financial perform report, analyze the performance measurement and analyze the management compensation.

4. ANALYSIS AND IMPLEMENTATION

4.1 Strategy Formulation Analysis

a. Strategy Level

Strategy formulation is a strategy concept that is still needed to be implemented. In formulating a strategy involving top management of the company and then communicates to the middle and lower management. It is intended that all units of the company know about what strategies that appropriate with the company's goals, both long term goals and short-term goals at the current situation of the company.

When it is referred with the theory that there are three levels of strategy, the company has the following sequence of strategy:

1) Corporate Strategy

Corporate strategy formulated by the owner company, in this case the owner of the company is PT Gajah Perkasa Indonesia Surabaya. Company's mission is "Menjadi perusahaan penjualan marmer yang mempunyai daya saing tinggi di era millenium baru". After that, the mission is communicated to the subsidiary company. It made PT Industri Marmer Indonesia Tulungagung has the same mission with PT Gajah Perkasa Indah Surabaya. Besides, the company already mentions if the product result is marble

2) Business Strategy

The business strategy that implemented by PT Industri Marmer Indonesia Tulungagung is the focus, company focuses only on the marble sector, from mining, processing and marketing of marble it self.

3) Functional Strategy

Functional strategy that existing in PT Industri Marmer Indonesia Tulungagung classified into existing departments within the company.

The strategy formulation that have already implemented by PT Industri Marmer Indonesia Tulungagung in 2012 were appropriate with the current situation of the company. Strategy formulation that already implemented by company grouping into three steps:

1) Identify the business environment that would be entered by the company in the future, so PT Industri Marmer Indonesia Tulungagung need's for the mission, in this case PT Industri Marmer Indonesia Tulungagung using the same mission with the owner company. The company's mission is used as a member philosophy to continue the work together.

2) Implementing analysis of the internal and external environment, in this case known that the founding of the company close to quarry

marble, available labor around the company so the cost of labor is relatively cheaper, and the location of the company is close to the highway there for it is easy to transport. The company can use SWOT in this step that grouping four elements such strength, weakness, opportunity, and threats.

3) Determine the company's goal to describe the management statement in to the company's mission. In addition the company should revealed the sales target to motivate the workers to achieve those targets and in hold a maximum profit the company must mention the profit that want to be achieve and when the maximum profit will be achieve. In expansion of the company, the company should decide what and when the expansion will be done and finished. Make company's goal clear and easy to understand by the worker is the important think in order to manage the operation.

4.2 Management Control Analysis

a. Strategic Planning

Strategic planning is the first process in the management control system that determinant in the process of outlining the next processes. Strategic planning is the process of choosing a specific program in order to implement its outline strategy for the organization's activities. In practice strategic planning is different with budgeting. Strategy process is compiled based on the product lines (fields) while the budget is based on responsibility center.

For profit-oriented company, every product's segmentation is the strategic. Research and development activities may be a strategic. The core of strategic is a set of actions that lead to the output of production or distribution goods or services by using the resources of one or more organizational units. Implementing the strategic involves the use of greater resources in the future. Besides, the company needs to create and develop the new strategic proposals. In accordance with the company to develop new strategic, company need to analyze the ongoing strategic in systematic way. One of analysis for ongoing strategic is the value chain. The reason why company need to analyze the ongoing strategic is to know the strategic that run in current company was running effectively or not. The application of value chain analysis is one of the analysis to create a value and outline three perspectives; linkages with suppliers, linkages with customers and the linkage process in value chain of a company. Before make a value chain analysis,

company must identify the ongoing strategic or activities and identify the cost drivers as a determinant of costs, then developing the competitive advantages by increasing value to the customer or reducing costs.

Furthermore the data obtained are grouped into nine groups of value activities.

Table 1. Value Chain Analysis 2012 PT Industri Marmer Indonesia Tulungagung

Value Activity	Ongoing Strategic	Problem	Evaluation
Inbound Logistic	Selection of material to be explored carefully, it aims to get good quality mining. Choosing the mine method or proper processing.	In inbound logistic there is no problem because selection of material to be explored by carefully, it aims to get good quality mining and choosing the mine method or proper processing is good program and company can continuously this program	The product mining is appropriate with the standard of company
Operation	Optimize the use of machines to carry out periodic maintenance and control of the machine and the replacement engine which is not worth taking. Reuse the water from residual of production process by company itself. The residual are placed in the waste reservoir and the water will process and reuse by company itself.	Optimize the use of machines to carry out periodic maintenance and control of the machine and the replacement engine which not worth taking is good program and company ought to continuing this program Reuse the water from residual is good decision, but the problem is the company will spend more cost and time, because the company must processing the water from residual in order to reuse for company	Optimize the use of machines The residual result of production sold to the surrounding community or any other company,.
Outbound Logistic	After goods have been finished, goods are stored in a marble warehouse to be sent to the consumer.	The finished goods that have been stored in warehouse must check by specialized staff in order to crosscheck the quality of finish good because sometime in processing is malform or when doing mining the marble quality is not good enough. It is the important think to keep the product quality.	The finished goods are stored in a marble warehouse to quality check first by specialized staff.
Service	Companies use distribution channels in accordance with the three already described in the distribution channel. Goods that produced is continuous goods and adapted for models that is popular such as floor, ashtrays and horse statue, and customer orders In meeting the demand of consumers in terms of product design, the company provides mini design to consumers.	In service to the customer, the company should group the consumer order, of wholesale or buy one item. It can increase the productions cost when customer direct ordering buy one item with company.except the customer agree if the prize will increase, and the company should not only serve the popular model,but company serving models that less attractive, this is to make more choice about the product and also when the company give an example about the product, the company should also enclose product catalog and special website	The company should use direct distribution channels company to consumers when consumers buy products. Serving segment that is less attractive to improve product differentiation Provides mini design and catalog to consumers. Make a special website about the product and service.
Marketing	Centering marketing in Jakarta, Surabaya and Tulungagung.	Centering marketing in company locating and big city help company to know the customer demand and company should continue this program but it is not enough if the company does not give assurance about the quality of product and timely in the delivery of product. The product quality can make the customer feel good and surely about the quality of product, and about timely when delivering product will show the quality service and it must support by good worker. So all of that can increase customer's satisfaction.	Centering marketing in Jakarta, Surabaya and Tulungagung Give assurance about the quality of goods. Timely in the delivery goods.

Value Activity	Ongoing Strategic	Problem	Evaluation
Firm Infrastructure	Finance and accounting department work together in one department.	The firm infrastructure that show in organizational structure consist of general management, personality and general department, factory department, finance and accounting department, commisioner 1 department, and commisioner 2 the problem is finance and accounting department can not working together in one department, it be able to make some fraud, because the authority in this department just one manager, so the control is low.	Finance department and accounting department should be separate into two departments.
Human Resourche	Recruitment part time workers and field workers based on the needs of the company. Recruitment of specialist staff, unit heads and managers department based on the availability of vacant place and in accordance with the criteria in the desired company.	The human resources are the basis to increase the skill of worker. It is a support for mining, processing and marketing as a main activity. The human resources must build the good quality of worker. The human resources can make some criteria in recruiting the new worker and the worker that works in company will be able to improve the skilll by training, it is the important thing to the company, because to operate the machine, the skill to minimize the damaged is needed and when the marble is procesing to be finished good needs worker that have artistic soul	Recruitment part time workers and field workers based on the company needs and in the recruite. Mentions several criteria of worker in order to increase the quality of workers. Recruitment of specialist staff, unit heads and managers department based on the availability of vacant place and in accordance with the criteria in the desired company Improve worker skill by training worker
Technology	The marble materials quality is done by Technique Specialist Staff. Quality assurance of finished goods is done by part time worker and field worker.	Technology is the important think in business. The technology is to support to make high quality to make product. The company can increase the technology by developing or modificating the machine from mining machine, processing machine until finished machine, besides marketing and service can improve by technology base internet and giving product quality guarantee. so the technology development does not always about checking product quality by specialis staff but also about modificative machine to make more optimal, marketing and service based internet and giving product quality.	The marble materials quality undertaken by Technique Specialist Staff in mining process. The quality of finish good undertaken by Marble Warehouse Unit by doing random checks. Modificate the machine from mining, procesing and finished machine Make marketing and service based on internet Giving product quality guarantee.
Procurement	Do several collaboration with another company that grouping into three groups; that is purchasing another material, purchasing machinary spare part, and purchasing fuel and oil machinary to supply the company need.	The procurement is support to fulfill company need and be a basis to minimize the spend cost of company. collaboration with expert that doing by company is good decission because the company be able to serve the company needs not only on purchasing input but also all of activity need, but beside that purchasing in procurement need to control minimize if there is a fraud	Purchase of fuel, equipment, machinery spare parts and procurement the other raw material conducted by purchasing unit in accordance with the needs and buy in the bulk methode and controlled by commissioners 2 manager and recorded by accounting department.

Source: Company Data Processed

From the value chain analysis that analyze the ongoing strategic to increase competitive advantages can be seen that the efficiency of time, place, and activity that be able done by additional revenue production by selling residual to the surrounding community or other companies, it can reduce residual processing costs by company, improving product quality can be improved by maintenance marble quality and finished by

specialist staff directly beside selection material and choosing mining methode, increased consumer value by creating the website company about product and services, serving segment that less attractive and also keep the quality of product, and companies can maximize revenue by using the company distribution channels, consumers directly by purchasing, with wholesale to minimize production costs.

Improving the quality of human resources can be obtained by recruiting employees who are appropriate with company criteria and do training worker. This is to improve the position of bidding against labor and lawmakers. While asset control can be maintained by separation of finance and accounting department, both department must manage by different manager, the purchasing and sale unit control by Accounting Department, Finance Department and Commissioner 2 Department.

When it is referred with the theory that the value chain analysis highlights three main points can be known that:

- 1) From inbound logistic, operation, and outbound logistic activities are known that company requires so many material and fuel to run the business, produce the product and maintain the machinery, this makes a huge expense for company. For cost efficiency, the company must have agreement with supplier to supply all needs of the company. It will make interrelationship between company and suppliers.
- 2) Linkages with customers can be seen from distribution channels and trading activities that is done in Surabaya and Jakarta, so the customer does not have to come directly in the company in Tulungagung if they want to discuss about purchasing, and the company has a standard quality before processing the raw material to be finished good. It certainly has its own value to the customer. Besides, the linkage with customer can be seen from special website making about the product and service, serving segment that is less attractive to improve the product differentiation, provides mini design to consumers and product catalog, giving assurance about the quality of goods, and on time in delivery of products.
- 3) While the process linkages with the value chain of the company can be seen from the value of mining, processing and marketing that always chronologically and interdependent. When demand goes up, the company mining need more material and will increase the processing activity that needs more workers.

By looking for the process of strategy planning that was done by PT Industri Marmer Indonesia Tulungagung, the company's policy to establish a work program within three years, with the annual work plan, and evaluation every year is a policy that is quite appropriate, given the set for

a period of three years, is the determination of medium-term program and maintaining continuity work plan each year. The evaluation that will be held every year hinted at the possibility of change as a result of adjustments to current conditions and will be easier to perform process control and take corrective action also facilitates the implementation of the measurement of the success of the work program that has been established.

Division plans that have been approved by General Manager do not just decide to be realized, but it needs to be studied more deeply whether it is feasible to be realized or not. Approved a division plans on the company only through discussion or meeting and the proposed program is based on the needs of the company's goal to continuing operation and development in accordance with skills and realistic, and than the company should also make a preventive control stop prevent the occurrence of an error.

b. Budgeting Process

As it known that the main activity of PT. Industri Marmer Indonesia Tulungagung (as a responsibility center cost) is mining, processing and marketing as, the company's budgeting process begins with the proposed work plan based on all company activities. In order to achieve the sales target, company arranged the Annual Company Budgeting to make clear about how much company will explore the marble and how much cost will be spent. Budgeting process involves all of head unit and manager in each department under General Manager Authority. The involvement of all managers in each department and head unit in preparation of budgeting are not the purpose of a particular unit, but it is a common goal of all company components.

Annual Company Budgeting should be based on company activities in that has been established in annual work plan, because the measurement of the actual budget is an explanation of the company activities that measured quantitatively with monetary as a unit. Budgeting should consider about all factor in mining, processing and marketing such as, sales plan, mining stocks, machinery and equipment with production capacity available, labor, mining permits and other facilities owned by the company. In outline preparation of the budgeting process should include coordination all of department and unit in the organization to determine the ability of each department and unit of the organization to provide facilities or implementing a plan that will be compiled to be more effective and efficient in

achieving the company's goals. The company also had to make a budget with several characteristics such a budget estimates the profit potential of the business unit, the budget proposal is reviewed and approved by an authority higher than the budgetee, the budget can changed only under specified conditions and actual financial performance is compared to budget and variances are analyzed and explained.

c. Analyzing Finance Performance Reports

The process of reporting and analysis is intended to communicate information related to the production process and the other activities of companies to the managers to ensure that the work program has been established can be implemented through good coordination, in addition the reporting process is also intended to find out to what extent the goals that has been compiled can be achieved effectively and efficiently.

Basically the presentation of the report and analysis should be easy to understand, the reporting system does not deviate from the required characteristics such as the annual forecast and the actions taken and the time required for corrective action. Reporting stage is the real form of accountability for the realization of budget implementation in the operational activities of the company. Because PT. Industri Marmer Indonesia Tulungagung can be regarded as a cost center, in which the main activity is running the mining, production and marketing process.

Based on a budget implementation, the results reported compared the actual performance with budgeting. The result shows the differences of budget with negative or positive characteristic.

This step should be more detailed to be able to explain the cause of the differentiation, so the analysis can be easily understood by others who are in need as a basis for the preparation of strategies, programs and budgets in the future and help the management in taking action to anticipate negative differentiation that does not happen in the future.

d. Performance Measurements

After the strategic planning and budgeting process that has been developed, the next step is the realization of a program and budget in the field. And within a certain period and the results of realization of the program budget that should be evaluated on a regular time, for example every month or year with consideration is the activities accordance with a program in strategic planning and budget or not. This is not just as directive control but also as corrective control. Corrective

control is to make a mistake that has been detected not to happen again.

In accordance with the characteristics of control system, during running the production process and operations, process control should be carried out in accordance with adequate capacity. Performance measurement process is the realization of description of efforts in the field if there are indications of success or there is an error in fact operating and also in order to for the work has been done effectively and efficiently in accordance with the strategies and budgets that has been set and blend financial information with nonfinancial information.

The mining result that was produced inspected by specialized staff of technique to measurement the quality standards of product before processing in order to company standards fulfilled. Whereas about the the labor that implementing the production process is also monitored and be a Human Resource responsibility. To fulfillment the quality standard of worker, the unit of Personality and Secretariat did selection for worker that appropriate with skill and be able to compete with the other. It is to improve the position of bidding against labor. The company implements the measures and evaluates the company's performance every year and then the results of the evaluation will be discussed as consideration for production execution activities and also for minimizing the production cost to make the company's performance become more efficient and effective to compete. Besides, the manager should measure and analyze to see the success factors in the present and the future. If this strategy in the activity is relatively good it means the strategy has been quite good and successful, so the company can use the same strategy in the future.

e. Management Compensation

Incentive compensation is one of the attractions for individuals to meet their needs, where these benefits can only be accepted if this individual is a member of the company or organizational unit. PT Industri Marmer Indonesia Tulungagung is one of the companies that provide incentives compensation or reward employees in order to improve the employee's performance towork optimally and as the addition of the management control step.

Existing incentive compensation in PT Industri Marmer Indonesia Tulungagung divided into two, negative and the positive. In providing the positive incentives the companies should establish with certain amount of bonus to

employees who are able to implement the strategy correctly and to be able to achieve company targets, including the unit manager or department manager, companies should provide compensation feast day not at one time, because if compensation feast day charged at one time, will make corporate increased spending cost dramatically, the company can repay the feast day compensation, the other incentive compensation, the company must increase job safety, remembering the main activity of PT Industri Marmer Indonesia Tulungagung is amining that have high risk, so that employees have feel save to their work and can work optimally.

For negative incentives, the payroll deductions and does not give feast day compensation for employees who were absent for 10% of total entry job is the right decision, the useful things is make all employees work optimally and give the effect "fear" if the employees not come working without apparent reason. About the company cut employee salary should be calculating how much salary will be cut based on the level of employee absenteeism.

5. CONCLUSION AND SUGGESTION

5.1 Conclusion

Organizational structure on PT Industri Marmer Indonesia Tulungagung was good enough and showed separation, restriction and authority of each function. But in the finance and accounting department there are mistakes because they marger function of finance functions with the accounting function, although they are handled by different people but are still in one department.

In running this business PT Industri Marmer Indonesia Tulungagung has same mission with PT Gajah Perkasa Indah Surabaya as winning tender after government selling all shares to the private sector. Besides, PT Industri Marmer Indonesia Tulungagung also develops the company's goal that in accordance with company's situation and condition.

The manajemen control system in PT Industri Marmer Indonesia Tulungagung is as a tool to implement the program that was created by upper management to run the business and accordance with situation and condition of company, and value chain analysis is one of tools ongoing analysis to know wheter the strategy run well or not, besides this analysis is useful to analyze the program need change with another program to increase the competitive advantages or not.

5.2 Suggestion

In the organizational structure, PT Indutri Marmer Indonesia Tulungagung does not have good organizational structure, because the financial manager have double functions with accounting manager although in practice both tasks are handled by two different unit, companies should really separate these functions in order to avoid fraud in managing each company financial activities.

In develop the goal, company should always consider about company's situation, condition and mention when the goal can be achieved. This is to make company run well in the business and have direction and clear goals.

PT Industri Marmer Indonesia Tulungagung should give more attention about the management control system. By strengthening the management control system, the company can secure the company assets, and all employees will work optimally without forcing the employees directly to work hard. PT Industri Marmer Indonesia Tulungagung should use the value chain to analyze the ongoing strategic within the company, because this analysis is very important to create a value for customer and supplier, so the company will be able to compare the ongoing strategic with the evaluation of strategic.

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